

**INDIA CEMENTS CAPITAL LIMITED  
CHENNAI**

**POLICY ON RELATED PARTY TRANSACTIONS**

**1.0 INTRODUCTION**

The Board of Directors has adopted this Policy for determining the materiality threshold and the manner of dealing with related party transactions in compliance with the provisions of the Companies Act, 2013 and Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended). The purpose of this Policy is to provide a framework to the Company for entering into transactions with Related Parties.

**2.0 DEFINITIONS**

- (a) “Act” means The Companies Act, 2013 and the Rules made thereunder including any amendments or modifications thereof for the time being in force.
- (b) “Arm’s length transaction” means a transaction between two Related Parties that is conducted, as if they were unrelated, so that there is no conflict of interest.
- (c) “Audit Committee or Committee” means the Audit Committee of the Board of Directors constituted in terms of Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 177 of the Act.
- (d) “Board” or “Board of Directors” means collective body of Directors of the Company, as constituted from time to time.
- (e) “Company” means India Cements Capital Limited.
- (f) “KMP” means Key Managerial Personnel of the Company, as defined under the Act.
- (g) “Policy” means Policy on Related Party Transactions.
- (h) “Regulations” or “SEBI (LODR) Regulations” mean Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any modifications, amendments, circulars or re-enactment thereof for the time being in force.

- (i) “Related Party” means a person or an entity as defined under Sub-section 76 of Section 2 of the Companies Act, 2013 or under the applicable accounting standards.
- (j) “Relative” means relative as defined under Sub-section 77 of Section 2 of the Companies Act, 2013 and Rules made thereunder.
- (k) “Related Party Transactions” means any transaction as defined under the Companies Act, 2013 and Regulation 2(1)(zc) of SEBI (LODR) Regulations, 2015.

Any other term not defined herein shall have the same meaning as defined in the Act, the Regulations or any other applicable law or Regulation to the extent applicable to the Company.

### **3.0 OBJECTIVE**

The objective of this Policy is to

- a) Ensure due and timely identification, approval, disclosure and reporting of the transactions between the Company and any of its Related Parties in compliance with the Act and SEBI Regulations.
- b) Regulate all transactions between the Company and its Related Parties, in accordance with the Act and SEBI Regulations applicable to the Company, as are in force from time to time.
- c) Govern the approval process and disclosure requirements to ensure transparency in the conduct of Related Party Transactions.

### **4.0 POLICY**

The following are the criteria for determining the Transactions between the Company and the Related Parties.

- a) Any transaction, which is in the nature of transfer of services or obligations between the Company and a Related Party, regardless of whether a price is charged shall be considered a Related Party Transaction. A transaction with a Related Party shall be construed to include a single transaction or a group of transactions in a contract.
- b) A transaction with a Related Party is considered material, if the said transaction, which individually or taken together with previous transactions during a financial year, exceeds 10% of the consolidated annual turnover of the Company, as per last audited financial statements of the Company or such limits as may be prescribed either in the Act or Regulations, whichever is applicable from time to time.

- c) Notwithstanding the above, a transaction involving payments made to a Related Party with respect to brand usage or royalty shall be considered material if the transaction to be entered into individually or taken together with previous transactions during a financial year, exceeds 5% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

## **5.0 CONSIDERATION AND APPROVAL OF RELATED PARTY TRANSACTIONS**

- a) All Related Party Transactions shall be subject to prior approval of the Audit Committee.
- b) The Audit Committee, while considering any transaction for approval, shall take into account all relevant facts and circumstances including terms of the transactions, business purpose of the transaction, the benefits to the Company and to the Related Party and any other relevant matters.
- c) The Audit Committee shall consider the terms of the transactions with Related Party are in the ordinary course of business and are on an arm's length basis.
- d) Prior to the approval, the Audit Committee shall consider whether any transaction with Related Parties would affect the independence or present a conflict of interest, either directly or indirectly, for any Director or KMP of the Company.
- e) All Related Party Transactions recommended by the Audit Committee shall be placed before the Board for approval on quarterly basis.
- f) Where a Member of the Committee / Director, who has a potential interest in any contract or arrangement or transaction with a Related Party, such Member of the Committee / Director shall not be present at the meeting of the Audit Committee / Board or abstain from discussions and voting on such Related Party Transactions and shall not be counted in determining the present of a quorum, when such transactions are considered.

## **6.0 GRANT OF OMNIBUS APPROVAL BY THE AUDIT COMMITTEE**

The Audit committee shall grant omnibus approval for Related Party Transactions proposed to be entered into by the Company, subject to the following conditions:

- a) The Audit Committee shall lay down the criteria for granting the omnibus approval in line with this Policy of the Company and such approval shall be applicable in respect of transactions which are routine and repetitive in nature and incidental to the general operations of the Company.
- b) The Audit Committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interests of the Company.
- c) The omnibus approval shall specify:
  - i) The name(s) of the Related Party, nature of transaction, period of transaction, maximum amount of transactions that shall be entered into.
  - ii) The indicative base price / current contracted price and the formula for variation in the price if any and
  - iii) Such other conditions as the Audit committee shall deem fit.
- d) Further, where the need for Related Party Transaction cannot be foreseen and all prescribed details are not available, the Audit Committee shall grant omnibus approval for such transactions subject to their value not exceeding Rs.1,00,00,000/- (Rupees One Crore) per transaction.
- e) The Audit Committee shall review, at least on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to each of the omnibus approvals given to ensure that they are in compliance with this Policy.
- f) Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

## **7.0 PROCEDURE FOR OBTAINING APPROVAL**

- a) Details of all likely / proposed transactions to be entered by the Company with Related Parties during any financial year shall be placed at the first meeting of the Audit Committee held every year for obtaining prior approval of the Committee.
- b) In the case of transactions, which are repetitive in nature and in the normal course of business of the Company, the Audit Committee shall review all such Related Party Transactions based on this Policy and may grant omnibus approval.
- c) Excepting the transactions, for which omnibus approval granted by the Audit Committee, no other transaction shall be entered into by the Company without prior approval of the Audit Committee and any subsequent modification of Related Party Transactions shall also be reported to the Audit Committee for its approval.
- d) The details of actual transactions entered into by the Company with Related Parties, pursuant to the omnibus approval granted by the Audit Committee, shall be put up at every meeting of the Audit Committee for its approval and the same also be placed before the Board for its approval.
- e) The details of actual transactions entered into by the Company shall be placed at a meeting of the Board for its approval on quarterly basis, in terms of provisions of the Act.

## **8.0 APPROVAL OF RELATED PARTY TRANSACTIONS BY SHAREHOLDERS**

- a) All Material Related Party Transactions shall require approval of the shareholders through resolution.
- b) All Related Party Transactions in excess of the limits prescribed under the Act, which are not in the ordinary course of business or not at arm's length shall require prior approval of the shareholders through a resolution.

No Related Party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

## **9.0 DISCLOSURE OF RELATED PARTY TRANSACTIONS**

Every Related Party Transactions entered into by the Company shall be referred to in the Board's Report to the Shareholders along with justification for entering into such transaction. The KMP of the Company shall be responsible for such compliance and maintenance of Registers and Records.

## **10.0 REVIEW OF POLICY AND DISCLOSURE**

This Policy was approved by the Board of Directors. The contents of this Policy shall be reviewed, whenever necessary to bring them in line with any change(s) / amendment(s) in the provisions of the regulatory framework. This Policy (as amended from time to time) shall be hosted on the website of the Company and a web link thereto shall be provided in the Annual Report of the Company.